

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS ADJUSTMENT    )  
FILING OF MARTIN GAS, INC.                ) CASE NO. 10204-J

O R D E R

On October 29, 1991, the Commission issued its Order approving the purchased gas adjustment filing of Martin Gas, Inc. ("Martin") as filed on September 24, 1991.

On November 18, 1991, Martin filed a motion for reconsideration of the Commission's Order. Martin states that the approved retail rates do not track its wholesale gas costs and the rates should therefore be amended. This discrepancy is due to the change in mix between suppliers.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Martin's notice of September 24, 1991 set out revisions in rates in accordance with its purchased gas adjustment ("PGA") clause as authorized in Case No. 6670,<sup>1</sup> Order dated July 14, 1977. Martin is requesting a change from the methodology previously set out and approved by the Commission.

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<sup>1</sup> Joint Application of Martin Gas Co. and Bucks Branch Gas Co. to Merger and Operate in the Name of Bucks Branch Gas Co. and to Increase its Retail Gas Rates

2. The proposed adjustment in methodology to capture the variance in gas costs due to changes in mix of supplier volumes at differing wholesale rates is appropriate and Martin's PGA clause should be revised accordingly as set out in the Appendix to this Order.

3. The rates set out in the Appendix to this Order are fair, just and reasonable and should be effective for service rendered on and after the date of this Order.


IT IS THEREFORE ORDERED that:

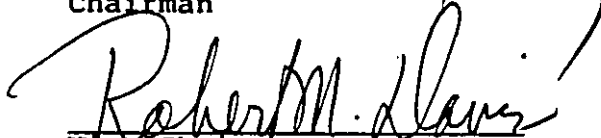
1. Martin's motion for reconsideration be and it hereby is granted.

2. Within 30 days of the date of this Order, Martin shall file with this Commission its revised tariffs setting out the purchased gas adjustment methodology and rates authorized herein.

Done at Frankfort, Kentucky, this 6th day of December, 1991.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

ATTEST:

  
Executive Director

\_\_\_\_\_  
Commissioner

## APPENDIX A

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 10204-J DATED 12/06/91

The following rates and charges are prescribed for the customers in the area served by Martin Gas, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

#### Purchased Gas Adjustment

##### Change in Rate

Whenever a change occurs in the rates of a supplier or transporter of the Company, the Company shall submit to the Commission, at least 30 days prior to the proposed effective date of the change in rate, an Application setting forth the change in cost of gas per Mcf on the Company's retail rates, which shall be determined as follows:

- (1) The effect per Mcf billing unit of sales of the change in cost of gas shall be determined by the application of rates or charges of the currently effective supplier tariffs or agreements with known changes, to the volume of gas purchases by the Company during the most recently available 12-month period.
- (2) Dividing the cost of gas calculated in (1) above by the total billing units of gas purchased during the same 12-month period.
- (3) Comparing the resulting quotient of (2) above to the current average cost obtained by the above procedure and approved by the Commission.
- (4) The difference so derived shall represent the effect of the change(s) in cost per Mcf billing unit of sales.
- (5) The difference may be adjusted to allow for actual line loss experienced during the 12-month period up to a maximum of 5 percent.

- (6) The rates as stated in the Company's applicable rate sheets shall be decreased or increased by application of a Gas Cost Adjustment as determined above and approved by the Commission. The rates so adjusted shall be effective with gas delivered to customers on and after the effective date of the Commission's Order.

RATES: Monthly

|             |                  |
|-------------|------------------|
| First 1 Mcf | \$7.1911 Per Mcf |
| Over 1 Mcf  | 7.0743 Per Mcf   |

Minimum Bill

|                           |        |
|---------------------------|--------|
| The minimum bill shall be | \$7.19 |
| Temporary Surcharge       | 3.12   |

The base rate for the future application of the purchased gas adjustment clause of Martin Gas, Inc. shall be:

|                                | <u>Commodity</u> |
|--------------------------------|------------------|
| Columbia Gas of Kentucky, Inc. | \$3.7348 Per Mcf |
| Southeastern Gas Company       | 0.140 Per Mcf    |
| Weighted Average Cost of Gas   | \$3.1838 Per Mcf |